

**Unity House Board of Directors**  
**December, 2004**

Anthony Rutledge, Sr. (chairman)  
Anthony Rutledge, Jr.  
Arlene Ilae  
Aaron Rutledge  
Randall Harakal  
Berna Iosua  
Michael Green  
Norberto Castillo  
Sonny Dudoit  
Randolph Borges  
Mel Kahele\*

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\* Joined June, 2004.

Unity House, Inc. Budget  
Calendar Year 2005

Revenues:		
Net Investment Income		1,010,500
Rental Income		583,600
Miscellaneous		1,000
Total Revenues	\$	<u>1,595,100</u>
Program Expenses:		
Early Education Scholarships	\$	87,800
Higher Education Scholarships		165,900
Retiree Programs		88,100
Christmas Zoolites Event		35,200
Labor Day Events		30,000
Sports Programs		36,200
Newsletters		43,800
Others		33,400
Total Program Expenses		<u>520,400</u>
Operating Expenses:		
Salaries and Wages		757,800
Employee Benefits		162,100
Insurance		188,900
Legal Fees		335,700
Depreciation		81,600
Public Relations and Advertising		73,200
Rent, Utilities, and Telephone		65,200
Accounting and Tax Financial Reviews		30,000
Office Supplies, Expenses & Services		44,800
Others		15,800
Total Operating Expenses		<u>1,755,100</u>
Total Program and Operating Expenses		<u>2,275,500</u>
Net Change to Fund Balance		(680,400)
Cash Flow Adjustments:		
Revenue remaining in Securities Portfolio	(540,000)	
Gain on sale of NCR Building	(600,000)	
Net Redemption of Investments	142,000	
Others, net	107,500	
Total Cash Flow Adjustments		<u>(890,500)</u>
Cash Flow from Operations		<u>(1,570,900)</u>
Funding of Operations from Reserve MMA		<u>1,400,000</u>
		<u>(170,900)</u>
Operating Cash Balance at Beginning of Year		<u>357,000</u>
Operating Cash Balance at End of Year		<u><u>186,100</u></u>

**EXHIBIT B**

## 2005 REVENUE FORECAST

Unity House, Inc.

Interest Income	14,800
Dividend Income	50,100
Equity (loss) in Subsidiaries	600,000
Interest Expense	(195,000)
Investment Expenses	(186,600)
Unrealized Gains (losses)	629,200
Realized Gains (losses)	98,000
Rental Income	583,600
Miscellaneous Income	<u>1,000</u>
Total Revenues	<u><u>1,595,100</u></u>

EXHIBIT C

## UNITY HOUSE, INC.

	Actual Performance vs Budget 8 Months Ended August 31, 2005			Actual 12 months Ended 12/31/2004
	Budget	Actual	Variance	
Revenues:				
Net Investment Income	693,700	522,573	(171,127)	255,229
Rental Income	371,600	383,144	11,544	539,290
Miscellaneous	1,000	115,996	114,996	9,969
Total Revenues	\$ 1,066,300	1,021,713	(44,587)	804,488
Program Expenses:				
Early Education Scholarships	\$ 38,000	29,734	8,266	54,749
Higher Education Scholarships	161,100	147,775	13,325	83,455
Government Affairs	1,500	1,520	(20)	110,182
Special Programs	6,500	7,015	(515)	95,978
Retiree Programs	30,000	31,386	(1,386)	106,057
Christmas Zoolites Event	500	2,733	(2,233)	29,372
Labor Day Events	30,000	10,060	19,940	4,233
Sports Programs	49,600	(27,193)	76,793	71,863
Newsletters	32,200	34,370	(2,170)	23,189
Others	20,700	9,751	10,949	88,979
Total Program Expenses	370,100	247,151	122,949	668,057
Operating Expenses:				
Salaries and Wages	553,800	526,544	27,256	1,633,812
Employee Benefits	120,900	121,919	(1,019)	516,639
Insurance	124,900	153,915	(29,015)	181,413
Legal Fees	275,700	492,270	(216,570)	1,296,438
Depreciation	54,400	52,606	1,794	93,413
Public Relations and Advertising	52,300	52,704	(404)	227,387
Rent, Utilities, and Telephone	52,000	74,541	(22,541)	152,577
Accounting and Tax Financial Reviews	23,000	35,324	(12,324)	8,075
Office Supplies, Expenses & Services	33,700	36,686	(2,986)	14,790
Bad Debt Expense	0	0	0	475,000
Movie Disbursements	0	0	0	245,210
Others	16,700	24,895	(8,195)	61,669
Total Operating Expenses	1,307,400	1,571,404	(264,004)	4,906,423
Total Program and Operating Expenses	1,677,500	1,818,555	(141,055)	5,574,480
Net Change to Fund Balance	(611,200)	(796,842)	(185,642)	(4,769,992)
Cash Flow Adjustments:				
Revenue remaining in Securities				
Portfolio	(193,100)	53,386	246,486	
Gain on sale of NCR Building	(600,000)	(667,244)	(67,244)	
Net Redemption of Investments	142,000	142,892	892	
Others, net	52,300	220,556	168,256	
Total Cash Flow Adjustments	(598,800)	(250,410)	348,390	
Cash Flow from Operations	(1,210,000)	(1,047,252)	162,748	
Funding of Operations from Reserve MMA	1,050,000	1,050,000	0	
	(160,000)	2,748	162,748	
Operating Cash Balance at Beginning of Period	357,000	358,458	1,458	
Cash Balance End of Period	197,000	361,206	164,206	
Operating Cash Balance	197,000	145,898	(51,102)	
Movie Equity Cash Balance	0	215,308	215,308	
Total Unity House Cash in Bank	197,000	361,206	164,206	

## EXHIBIT D

Value Update @ 8/31/05

Unity House Portfolio Investment

Value of Account @ equity

Balances @

12/31/04 Net Change 08/31/05

**Collateralized Marketable****Securities Accounts:****FHB - MMC (\$1.5 M Credit Line):**

Dividends @ 1 to 2% annually	1,695,454	25,958	1,721,412
Loan Balance	0		0

**BOH - (\$15.0 M Credit Line)**

Granite Investment:	6,033,231		
Liquidation @ 1/31/05		-6,033,231	0
Management fee			
Realized loss			

**Mutual Fund Investments @ 2/1/05 & 3/31/05:**

Evergreen	0	2,100,133	2,100,133
First Eagle	0	2,125,807	2,125,807

**Unity Reserve**

1,209,493

Proceeds of Granite Liquidation	5,839,387		
Transfer of net proceeds of			
NCR sale after BOH loan payoff			
of \$4.0 million 3/09/05 - \$1.9M	1,913,700		
Funding of \$4.0 million mutual fund investment	-4,000,000		
Funding of Unity House operations for 2005 f/8mo	-1,050,000		
Transfer to Movie Equity Account	-225,000		
Carr Litigation Deposit	-1,030,000		
Paydown of BOH Line of Credit	-2,000,000		
Net interest income (dividends) after expenses	55,429		713,009

<b>Bidwell, Riddle &amp; Assoc.:</b>	5,247,000	-150,234	5,096,766
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<b>Total value FHB</b>	1,695,454	25,958	1,721,412
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<b>Total value BOH</b>	12,489,724	-2,454,009	10,035,715
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<b>Outstanding Loans</b>	8,000,000	-6,000,000	2,000,000
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<b>Net Equity BOH</b>	4,489,724	3,545,991	8,035,715
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<b>Total Net Equity Securities</b>	6,185,178	3,571,949	9,757,127
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**UNITY HOUSE  
PROGRAMS & EVENTS ACTIVITY SUMMARY  
DECEMBER 14, 2004 - SEPTEMBER 1, 2005**

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1. **EARLY EDUCATION SCHOLARSHIP PROGRAM (formerly the Child Care Program):**
  - a. January 1 to February 15, 2005, open enrollment period was slow due to the management change.
  - b. Required volunteer service hours changed from Unity House only to any charitable non-profit, with list of examples provided.
  - c. In February of 2005, 74 award letters were mailed to parents and award checks were mailed to schools covering the period of April – June 2005.
  - d. For the July 1, 2005, open enrollment period, we made some changes:
    - i. Increased the award to \$60 per month from \$49 per month. The new award amount is \$60 per month (total \$360).
    - ii. The program name was changed to “Early Education Scholarship Program”.
    - iii. Volunteer services must be completed by November 15, 2005, in order to receive the following 4 months award (December 2005, January, February, March 2006).
  - e. By the August 15, 2005, deadline, we received 111 applications, of which 78 were new applicants and are currently being processed for award issuance by September 15, 2005. The estimated total award amount is approximately \$37,000 for this period.
2. **SCHOLARSHIPS (Grants In Aid):**
  - a. From late December 2004, to early January 2005, we reviewed and processed nearly 190 scholarship award checks for Spring 2005, and mailed the checks to various schools nationwide.
  - b. Required volunteer service hours changed from Unity House only to any charitable non-profit, with a list of examples provided.
  - c. Between February 1 and April 15, 2005, College Scholarship applications are available to beneficiaries via website, request by mail, property postings and walk-ins. Over 200 applications were distributed.
  - d. By the April 15, 2005, deadline, we received approximately 160 applications and collected \$3,895 in application fees.
  - e. The application fee was reduced to \$35 for first-time applicants and to \$25 for renewals.
  - f. As of August 15, 2005, we have awarded 142 applicants for the Fall 2005 semester a total of \$72,000. The checks have been mailed to the various schools.

- g. The union affiliation breakdown is:
- i. UH – 31 applicants or 21.8%
  - ii. 996 – 27 applicants or 19.0%
  - iii. L5 – 84 applicants or 59.2%

h. Revised award scale:

- iv. Full-time status at a 4-year institution (or 50% is part-time status)

GPA	Award Amount
3.75+	\$1,200
3.5-3.74	\$1,100
3.00-3.49	\$1,000
2.50-2.99	\$900
2.00-2.49	\$700

- v. Full-time status at a 2-year institution (or 50% is part-time status)

GPA	Award Amount
4.0+	\$600
3.00-3.99	\$550
2.00-2.99	\$400

### **3. NEWSLETTER:**

- a. Produced, printed & mailed 4 newsletters to 8,200 Unity House beneficiaries:
- 1) February 2005
  - 2) April 2005 (L996 participated and 6,300 more mailed out)
  - 3) June 2005 (L996 participated and 6,300 more mailed out)
  - 4) September 2005
  - 5) Working on a late November/early December newsletter

### **4. WEBSITE:**

- a. In mid-February of 2005, we re-structured & re-developed the Unity House website in-house. The new version of the website includes a new look and more information, and is much more user friendly. We continued to update our programs and events information as needed, plus we added other information/web links that can further assist our beneficiaries to secure additional financial aid (i.e., College Connections, Gear Up, Federal Grants, Teamsters Scholarship, PATCH, etc.). Discount programs secured from local businesses for Beneficiaries are provided on website (no cost to Unity House).

### **5. EVENTS:**

- a. On December 16, 2004, we hosted our annual Zoolites event at the Honolulu Zoo, with about 2,000 beneficiaries along with their families. They enjoyed lots of food, games and prizes/gifts.
- b. We are planning for the Retiree Thanksgiving Luncheon scheduled for Sunday, November 20, 2005. We estimate about 1,500-1,600 attendees.

- c. We are also planning our 2005 Zoolites event, and it is scheduled for Thursday, December 15, 2005. We estimate about 2,000-2,200 attendees.

**6. RETIREES:**

- a. We manage and conduct daily classes at the retiree center, which include tai chi, line dance, ballroom, hula, aerobics, etc.
- b. We developed and created a senior citizen discounts flier for distribution.
- c. Managed the Retiree Center Registration for summer classes May 9-11, 2005. Registered nearly 150 retirees for various classes.
- d. Painted the inside of the Pauahi Senior Center and received a positive response from the participants.
- e. In July of 2005, we co-sponsored the Teamsters Local 996 Pre-Retirement Seminar. About 100 members attended, it was well received, and we anticipate conducting another such seminar in 2005.
- f. In April of 2005, we escorted 80 retirees and covered part of their fee for the Whale Watch excursion, at a significant discount to retirees.
- g. In August of 2005, we escorted 50 retirees for the Kualoa/Alii Tours excursion, at a significant discount to retirees.

**7. SPORTS & TRAVEL:**

- a. In February of 2005, we hosted the Annual Arthur Rutledge Invitational Memorial Golf Tournament, with more than 180 participants.
- b. We sponsored 2 Cosmic Bowling Tournaments, one in May of 2005 and the other in July of 2005. Each event was sold out, with about 130 players.
- c. We are sponsoring a Las Vegas Golf & Bowling Tournament scheduled for Monday, October 10, 2005, to Friday, October 14, 2005. Two staff members have been assigned to travel with and assist this group.
- d. Per the Receiver, we cancelled some sporting events this year due to budget constraints and limited manpower:
  - 1) Evening Basketball (January-March)
  - 2) Weekend Softball (February-April)
  - 3) Outer Island Golf Tournament (May)
  - 4) Labor Day Picnic
  - 5) Turkeyshoot Golf Tournament (November)

**8. STAFFING:**

- a. Assisted in processing terminated employees' 401(k) distributions. Coordinated the Employee Quarterly Meeting for 401(k) participants with representatives of Morgan Stanley.
- b. EAP (Employee Assisted Program) workshop was held in June of 2005 for job related change and stress in the workplace. All staff attended, which was a nice addition to our benefits, given the situation.



- c. The Programs & Events Department personnel are made up of one director, two programs coordinators, and one temp-hire with targeted skills to assist in the various areas, i.e., website and newsletter.

**9. PUBLIC RELATIONS:**

- a. Re-cut KGMB9 Commercials per Receiver, airing with new tag lines "Still Going Strong in 2005!"
- b. Attended Kojii Ariyoshi Film Event sponsored by AAR Endowment Labor Studies at the University of Hawaii.
- c. Attended the 2005 Teen Video Award Events for high schools students. Potential partner for 2006 anti-drug program.
- d. Attended the Media Academy Commercial Award event. Potential partner for 2006 college media/film development at University of Hawaii.
- e. Unity House is the lead sponsor for the Louis Vuitton Hawaii International Film Festival Event scheduled for October 27, 2005. The sponsorship is \$10,000 and it will help to further the movie industry in Hawaii, which fulfills one of the organization's stated purposes. Discount tickets will be available for our beneficiaries on our website after September 30, 2005.
- f. School Supply Give-Away: Prepared 2,500 school packets for distribution at the Ala Moana Back to School Event in August of 2005. We distributed about 1,900 school supply packets in two days. We will distribute others at the office and also make a donation to a needy school. Jodi coordinated a delivery of 200 school supplies to Likelike Elementary School third graders in Kalihi, and we are working on one more school (Princess Kaiulani in Kalihi).
- g. Met with Cathy Im (KGMB9) regarding monthly report. Also attended a presentation on the Image Plus Program for year 2006.

**10. NEW DISCOUNT & DONATION PROGRAM:**

- a. Developed a new program where various vendors offer our beneficiaries discounts or give a donation toward our events - Mililani Mortuary Group, Honolulu Zoo, Hawaiian Water Park, SEN Music Studios, Hawaii Polo and Trails Rides, Non Stop Travel, King Travel, Vacations Hawaii, Holiday Inn Waikiki, Waikiki Resort, Zippy's, 24 Hour Fitness, Create an Impression, Album Artistry - Craft Store, and Big City Diner - at no cost to Unity House.

**11. BUDGET AND GRANTS**

- a. Worked with Receiver to establish 2005 programs budget. We are on or under budget.
- b. Per direction from Receiver, researched Grant Opportunities and submitted request to OHA for support of Early Education Scholarship Program, as 47% of the beneficiaries in the program are of Hawaiian descent. Other entities researched include: Gates Foundation, Cooke Foundation, Theresa Hughes Trust Estate, Hawaii Community Foundation, Weinberg Foundation, Hawaiian Homes

Commission, etc. A 501c(3) designation would be valuable in securing support funds from many of these organizations.

**12. MISCELLANEOUS:**

- a. Met with representative of CLEAR regarding the status of Arthur Rutledge Endowment in Labor Studies performance and compliance.
- b. Received many donation requests and assisted a few for specific reasons.
- c. Researched and attended various seminars to assist in grant writing and proposal requests - Fulfillment Fund Seminar, Hawaii Homeownership Center Workshop, OHA Grant Seminar Workshop.
- d. Wrote a grant proposal for \$300,000 to OHA. We are awaiting the outcome of OHA's consideration of the proposal.
- e. Hired an Access Database Specialist to assist in data recovery of our program database.

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,	)	CRIMINAL NO. 02-00438-DAE
	)	
Plaintiff,	)	<b>CERTIFICATE OF SERVICE</b>
	)	
vs.	)	
	)	
AARON A. RUTLEDGE,	)	
ANTHONY A. RUTLEDGE, SR.,	)	
a/k/a/ "TONY" RUTLEDGE,	)	
STAR-BEACHBOYS, INC.,	)	
	)	
Defendants.	)	
	)	
	)	
	)	
	)	

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document, "Notice Of Filing Of Receiver's Interim Report To The Court," was served upon the following individuals at their respective addresses by hand delivery or by depositing same in the United States Mail with first-class postage prepaid:

PATRICK T. MURPHY, ESQ.  
United States Department of Justice  
Criminal Division  
The Bond Building  
1400 New York Avenue, NW  
Washington, D.C. 20005

EDMUND P. POWER, ESQ.  
Office of the United States Attorney  
Eastern District of Virginia  
2100 Jamieson Avenue  
Alexandria, Virginia 22314

JOHN COX, ESQ.  
United States Department of Justice  
Criminal Division  
P.O. Box 972  
Washington, D.C. 20044

EDWARD H. KUBO, ESQ.  
United States Attorney  
FLORENCE T. NAKAKUNI, ESQ.  
Assistant United States Attorney  
Office of the United States Attorney  
District of Hawaii  
PJKK Federal Building  
300 Ala Moana Boulevard  
Honolulu, Hawaii 96850

Counsel for Plaintiff  
UNITED STATES OF AMERICA

BRIAN J. DeLIMA, ESQ.  
Crudele & DeLima  
Hilo Lagoon Center  
101 Aupuni Street, Suite 133  
Hilo, Hawaii 96720

Counsel for Defendant  
AARON A. RUTLEDGE

PAUL B.K. WONG, ESQ.  
WILLIAM C. McCORRISTON, ESQ.  
McCorriston Miller Mukai MacKinnon LLP  
Five Waterfront Plaza, 4th Floor  
500 Ala Moana Boulevard  
Honolulu, Hawaii 96813

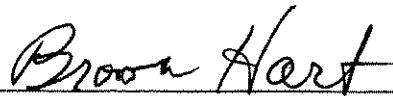
BRIAN A. SUN, ESQ.  
JOHN D. CLINE, ESQ.  
JEFFREY M. RAWITZ, ESQ.  
Jones Day  
555 West Fifth Street, Suite 4600  
Los Angeles, California 90013

Counsel for Defendant  
ANTHONY A. RUTLEDGE, SR.

DENNIS E.W. O'CONNOR, JR., ESQ.  
Reinwald O'Connor & Playdon  
Pacific Guardian Center, Makai Tower  
733 Bishop Street, 24th Floor  
Honolulu, Hawaii 96813

Counsel for Defendant  
STAR BEACHBOYS, INC.

DATED: Honolulu, Hawaii, October 21, 2005.

  
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BROOK HART, ESQ.  
Attorney for Unity House, Inc., In Receivership